

Overview

BPK – Objectives and Tasks

Other specific powers/tasks

Commercial banks - origin of capital

Regional concentration

Evolution of deposits at commercial banks

Loan activity of commercial banks

Financial sector: Insurance industry

Financial sector: Insurance industry

Financial sector: Rules and Regulations

Commercial banks services and products

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Financial Sector developments in Kosovo

Gani GËRGURI

Chief Operating Officer

Banking and Payments Authority of Kosovo - BPK

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 - Evolution of loan activity
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 - To start a bank
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BPK – Objectives and Tasks

- BPK is a distinct independent public entity with the authority to **license**, **supervise** and **regulate** financial institutions in the territory of Kosovo, established by UNMIK Regulation 1999/20 (November 15 1999), which was amended on October 1, 2001.
- **Main objectives**
 - Foster an efficient and safe system for domestic payments, and
 - Foster the liquidity, solvency and efficient functioning of stable market based financial system, including regulating banks, insurance companies and other financial institutions

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BPK – Objectives and tasks

Other specific powers/tasks

- **License, supervise and regulate** financial institutions;
- Formulate and implement measures for, and supervise and regulate, **payments and settlement system** for transactions in domestic and foreign currency in Kosovo;
- Own and operate one or more payments systems;
- Act as a **banker and fiscal agent** to the UNMIK and PISG, and to provide financial advice at their request;
- Hold **deposits** of UNMIK, PISG, banks and other entities;
- Ensure an **adequate supply of bank notes and coins** for the settlement of cash transactions; and
- Recommend **broad policy guidelines** to the SRSG of the United Nations in areas under its responsibility, under the guidance of the DSRSG for Economic Reconstruction and Development;
- Conduct **regular economic and monetary analysis** of the Kosovo economy, makes public the results, and submits proposals and measures to the UNMIK on the basis of such analysis.



- BPK performs the usual functions of a **central bank** (banking operations and general interest services), and
- BPK acts as the **Financial Services Authority** of Kosovo

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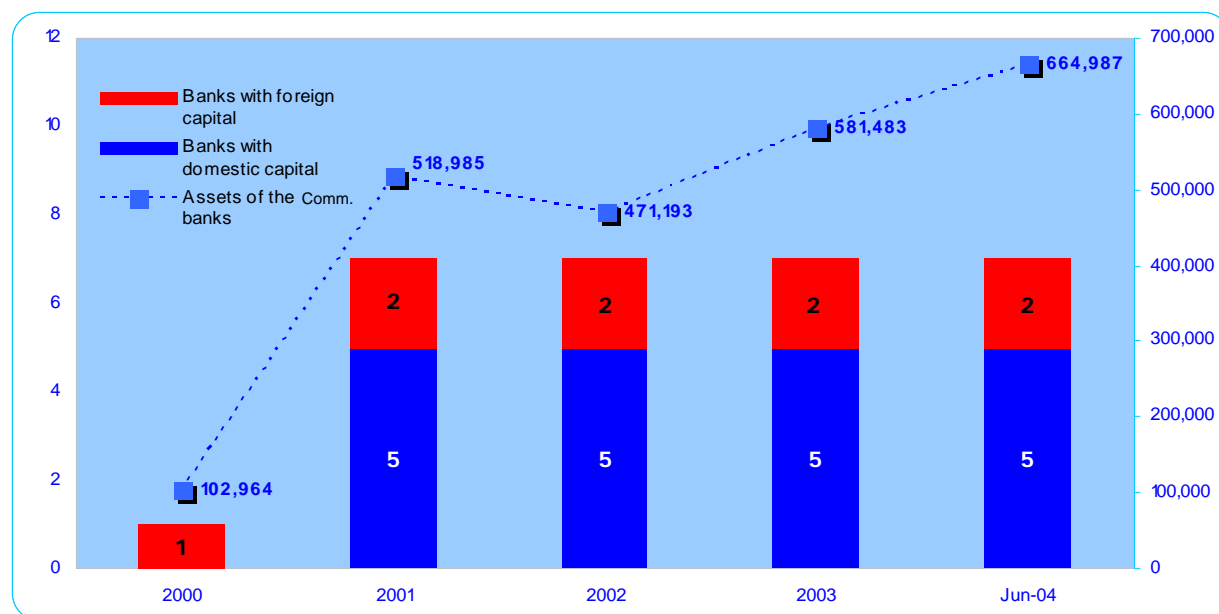
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Financial sector general statistics

• Commercial banks – origin of capital

• 7 commercial banks: 2 with foreign capital:

• No state owned banks



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Financial sector general statistics

• Regional concentration

Financial Sector	Headquarter	Branches	Sub - Branches
Banking and payments Authority of Kosovo	1	-	-
Other Depository Corporations	7	49	130
Other Financial Intermediaries	17	-	-
Micro - Finance Institutions	14	-	-
Other Non - Bank Credit Institutions	3	-	-
Insurance Corporations	8	-	-
Pension Funds	6	-	-
Financial Auxiliaries	6	-	-

- One bank unit per **10,000** habitants

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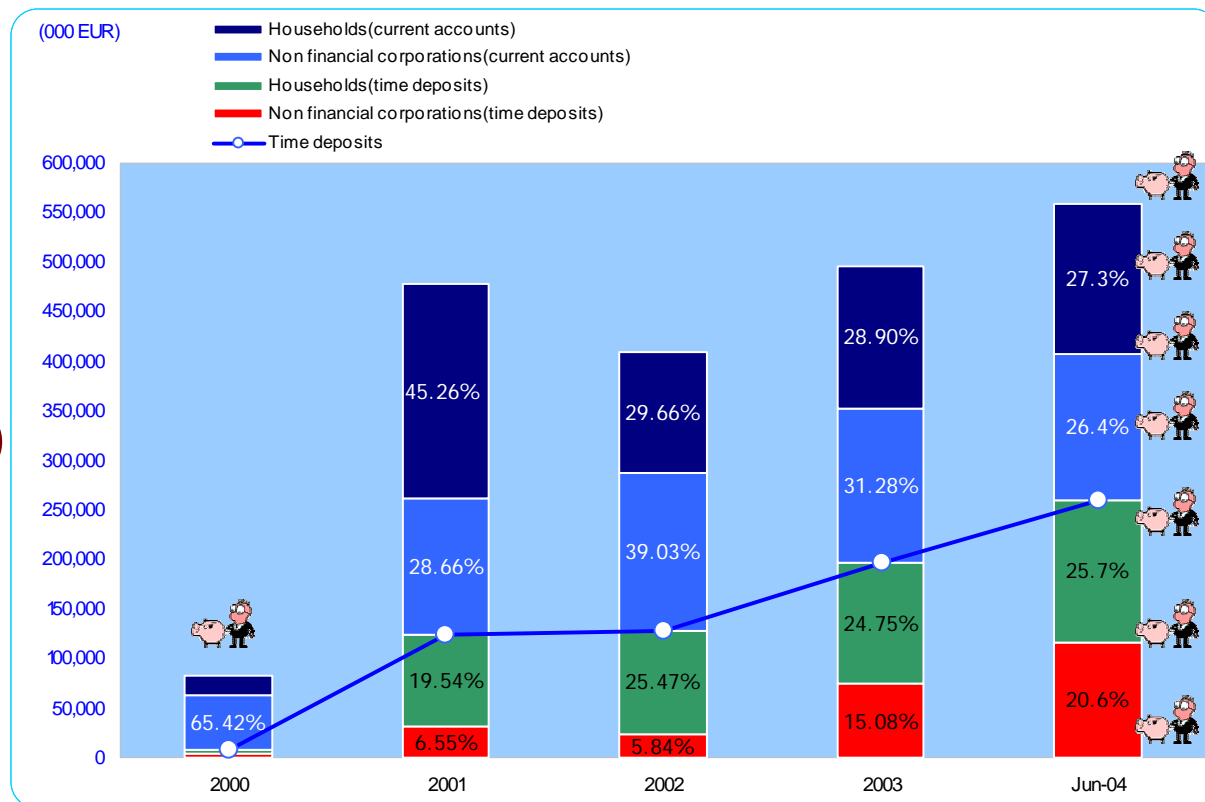
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Evolution of deposits at commercial banks



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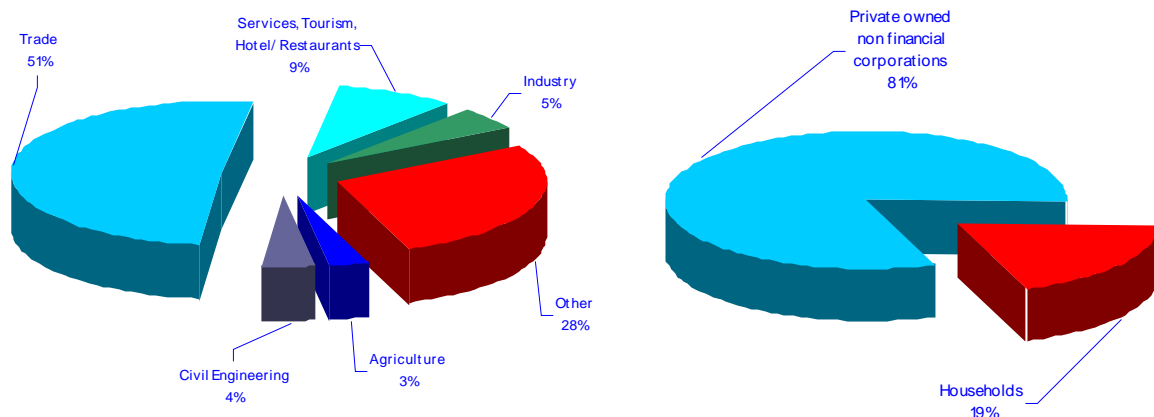
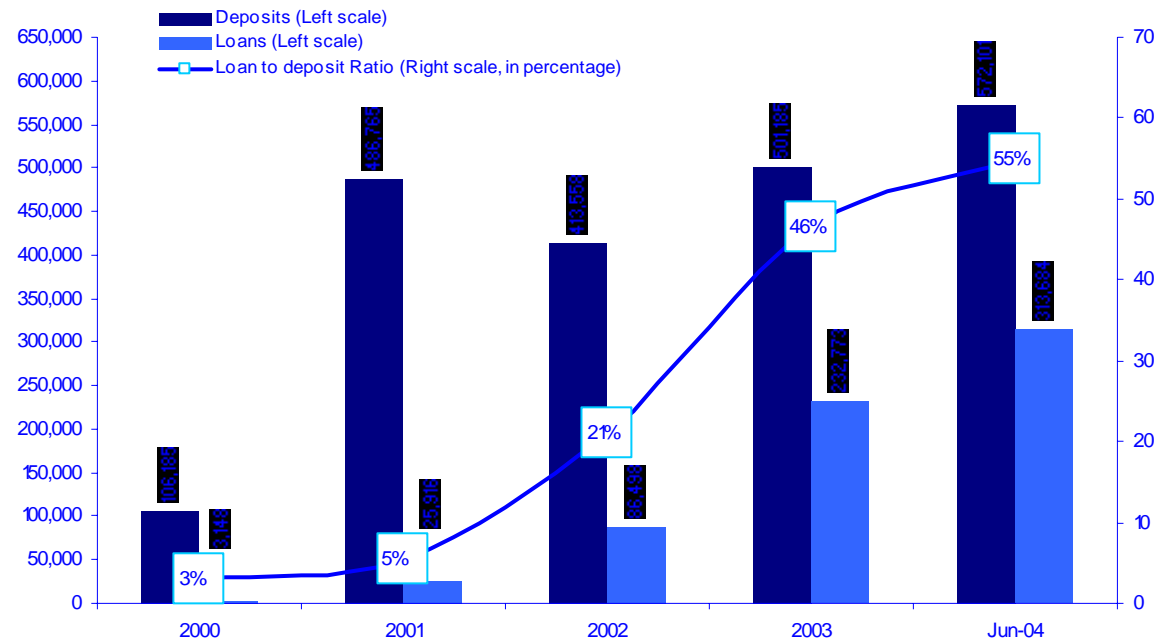
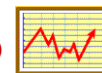
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Loan activity of commercial banks, 000 euro



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Financial sector: Insurance industry:

Players

- 8 insurance companies: 4 incorporated insurance companies + 4 branches (2 from Albania + 2 from Serbia & Montenegro);
- 3 surplus line brokers;
- 500 agents licensed;
- 1 Claims Specialized Organization (CSO), mainly for International Claims.
- Insurance Association of Kosovo (IAK): Border Insurance, Guarantee Fund

On-line Insurance Platform

- All insurance companies + IAK + BPK + MPS (Vehicle Registration Center) + (in process) Ministry of Transport (Technical Control Centers).
- Insurance companies (serial number of insurance policy with bar code)



- Vehicle Registration Center (bar code reader to check the insurance policy)

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- No possibility for fraudulent insurance policy.
- All written premiums are paid through bank account.

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Financial sector: Insurance industry:

Insurance Classes recognized by the BPK

- Motor Insurance: TPL (compulsory : 96% of insurance activity), TPL + fire and theft, and Comprehensive.
- Life Insurance: so far no insurance companies operating, nor any application.
- Property Insurance
- Engineering Insurance
- Liabilities
- Accidents
- Miscellaneous

Written premiums proxy 34 million euros, at the end of 2003.

Loss ratio at 20% - (share of claims to premiums)

International cooperation

- MOU: Albania, FYROM, and Croatia
- MOU between institutions: BPK/Albanian Supervisory Commission.

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Financial sector: Rules and Regulations

TO START A BANK:

Inventory of rules and regulations

- BPK must take a decision to approve or deny the application within 90 days, from the date of receiving a complete bank license application.

•Minimum required capital to start a bank:

- Tier I license, 2 million euro.
- Tier II license, 4 million euro
- Tier III license, 5 million euro.

TO START A INSURANCE COMPANY:

Inventory of rules and regulations

- BPK must take a decision to approve or deny the application within 90 days, from the date of receiving a complete insurance license application.

•Minimum required capital to start a Insurance company:

- Incorporated Insurance Company, 2.5 million euro

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Commercial banks services and products:

- Apart from the traditional services and products, commercial banks in Kosovo have introduced modern products such as:



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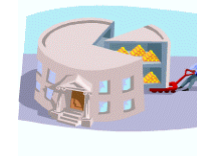
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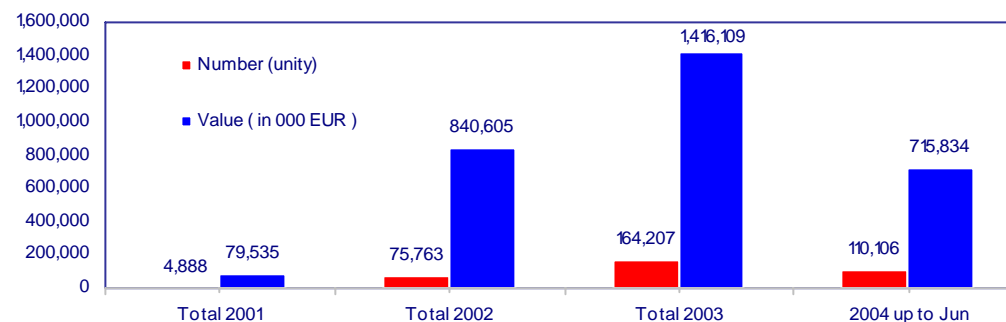
• Currency supply & maintenance:

- Adequate denominations of euro banknotes and coins
- High tech for money processing



• Fostering the payments system:

- Interbank Clearing System



- New means of payments: Project on K-Giro (utility bills through bank accounts).

• A banker for the government:



- Asset Management according to the strict policy set by IMF: security, liquidity and yield to investment.

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•Other activities of general interest:

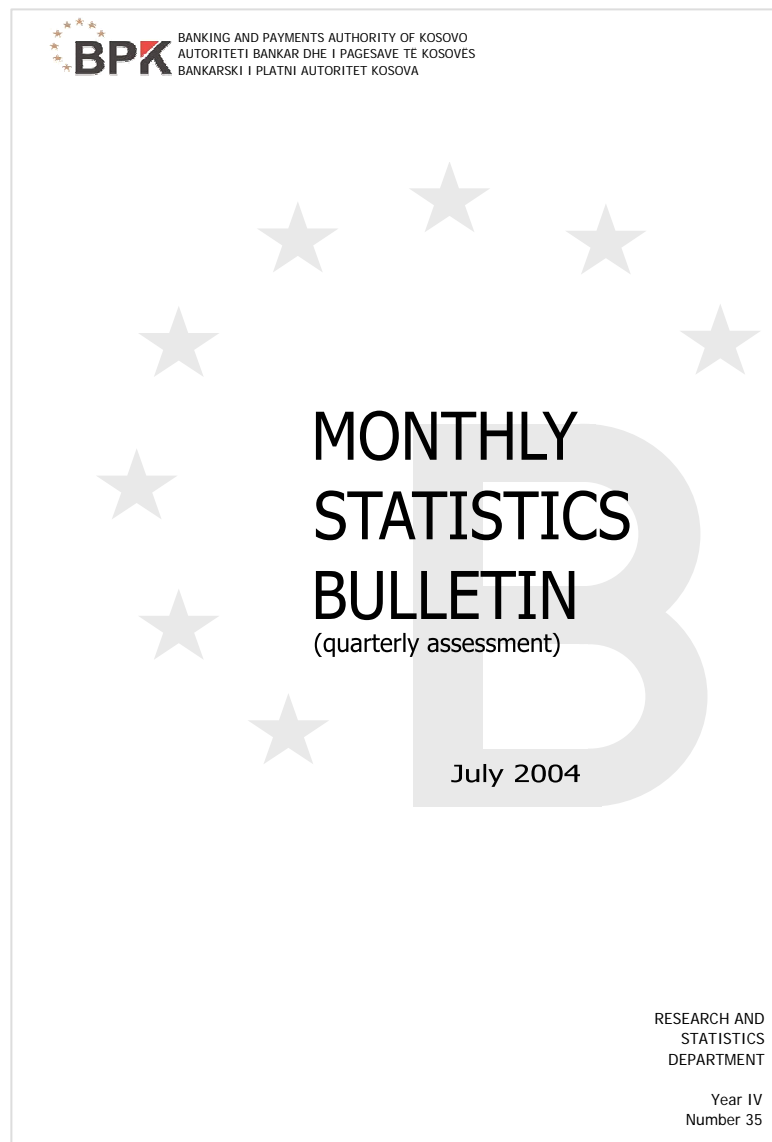
- Kosovo Credit Information System (KCIS),
- Banking Training Institute (BTI),
- Support of the SCAAK (Society of Certified Accountants and Auditors of Kosovo)

•A public decision – makers advisor:



- Data collection, processing and dissemination
- RSD – IMF technical assistance missions





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THANK YOU FOR YOUR ATTENTION!